



August 15, 2006

Beth O'Donnell - Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602-0615

RECEIVED

AUG 16 2006

**PUBLIC SERVICE
COMMISSION**

Re: PSC Case No 381

This letter is to request that the Kentucky Public Service Commission notify the Federal Universal Fund Administrator (USAC) and the Federal Communications Commission (FCC) that Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company d/b/a TDS Telecom are eligible to receive federal universal service support in accordance with the above-referenced statute and federal rule.

The amount of federal universal service the Companies will receive in 2007 will continue to be used for the services and functionality's outlined in 47 C.F.R. Sec.54.101(a) and, as the attached affidavit shows, the Companies all certify that it will use the federal universal service support it receives for the provision, maintenance and upgrading of facilities and service for which such support is intended.

This state certification for federal support will be an annual process. In order to receive federal support beginning January 1 of each year, the Kentucky Public Service Commission must file its annual certification on or before October 1 of the year before.

Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company d/b/a TDS Telecom respectfully requests that the Commission notify the FCC and USAC prior to October 1 of this year that they are eligible to receive federal universal service support for 2007.

Sincerely,

A handwritten signature in black ink that reads "Kristine M. Haskin".

Kristine M. Haskin
Manager – Federal Affairs
TDS Telecom
525 Junction Road, Suite 700S
Madison, WI 53717
608.664.4144

525 JUNCTION RD
MADISON, WI 53717

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

AUG 16 2006

A CERTIFICATION OF THE CARRIERS
ADMINISTRATIVE
RECEIVING UNIVERSAL SERVICE
CASE NO. 381
HIGH COST SUPPORT

**PUBLIC SERVICE
COMMISSION**

LESLIE COUNTY TELEPHONE COMPANY D/B/A TDS TELECOM
LEWISPORT TELEPHONE COMPANY D/B/A TDS TELECOM
SALEM TELEPHONE COMPANY D/B/A TDS TELECOM
RESPONSE TO COMMISSION DATA REQUEST

Pursuant to the Commission's August 21, 2001 data request, TDS Telecom submits the following information to demonstrate that federal universal support has been used as intended by the Federal Communications Commission (FCC), consistent with Section 254 (e) of the Telecommunications Act of 1996.

- Exhibit 1 - Summary of 2007 USF-HCL & LSS for Leslie County Telephone Company
- Exhibit 2 - Summary of investments & expense for Leslie County Telephone Company
- Exhibit 3 - Summary of 2007 USF-HCL & LSS for Lewisport Telephone Company
- Exhibit 4 - Summary of investments & expense for Lewisport Telephone Company
- Exhibit 5 - Summary of 2007 USF-HCL & LSS for Salem Telephone Company
- Exhibit 6 - Summary of investments & expense for Salem Telephone Company

As in prior years, TDS Telecom will utilize the federal universal support payments received in 2007 for the provision, maintenance, and construction of facilities for which the support was intended. These expenditures, those already made and those that will be made in the future, are what the USF payments are meant to support.

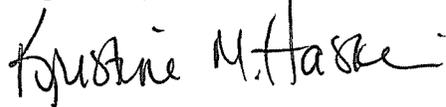
Exhibit 2 (Leslie County), Exhibit 4 (Lewisport) and Exhibit 6 (Salem) detail the investments & expenses that have already occurred over the last several years. For a cost company (eg, Leslie County), 12/31/2005 investments & expenses are used in the USF-HCL algorithm to calculate USF-HCL support for 2007. For average schedule companies (eg, Lewisport and Salem) USF support is received under average schedule formulas. Exhibits 2, 4, and 6 illustrate that all three companies have historically

invested in their networks. It is expected that future investment increases will be similar to those displayed on these exhibits.

The expenditures, those already made and those that will be made in the future, far exceed any federal universal support payments received by the TDS Telecom companies. In addition, USF support is already an existing revenue flow. The amounts to be received in 2007 are not significantly different than amounts received in prior years. Therefore, no proposal for reducing intrastate access rates will be submitted.

The attached affidavit signed by Kevin G. Hess, Senior Vice President, Government & Regulatory Affairs, certifies that USF funds have been expended for intended purposes. TDS Telecom respectfully requests the Commission to submit the certification to the FCC on or before October 1, 2006 in order for the companies to receive federal support during 2007.

Respectfully submitted,

A handwritten signature in black ink that reads "Kristine M. Haskin". The signature is written in a cursive, flowing style.

Kristine M. Haskin
Manager - Federal Affairs

Summary of 2007 USF-HCL & LSS For Leslie County Telephone Company
 (NECA SAC 260411)
 Estimated Support Information

Year USF Is Received	Total Estimated Amount For Support Funds	Note	Estimated Federal High Cost Loop (HCL)	Estimated Federal Local Switching Support (LSS)
2007	\$699,697	*1, 2	\$564,085	\$135,612

1 LSS from NECA Latest View File, 07-200

*2 HCL for cost company from most recent filing

Summary of Investments & Expenses for Leslie County Telephone Company

Acc # Investment	<u>12/31/2004</u>	<u>12/31/2005</u>
22** Cental Office Switching	4,378,687	4,708,563
223* Central Office Transmission (Total)	5,713,926	4,876,537
Central Office Loop Circuit (Incl. In Line 2)	2,846,837	2,840,351
24** Cable and Wire	16,915,208	17,045,888
21** General Support	2,318,737	2,119,323
Total Tel. Plant in Service	29,326,558	28,750,311
Expenses		
61** General Support	118,364	112,921
6212 Central Office Switching	151,427	169,505
623* Central Office Transmission (Total)	102,912	112,038
64** Cable and Wire	663,389	634,599
Plant Non Specific	644,227	711,495
65** Depreciation	1,929,867	2,041,150
Customer Oper	876,122	896,787
67** Corporate Oper	974,632	1,096,648
Other Oper Inc & Exp	(1,248)	(1,248)
72** Operating Taxes	1,691,387	1,497,053
Total Operating Expenses	7,151,079	7,270,948
Total Expenditures		36,021,259
Total USF Received		\$ 699,697

Summary of 2007 USF-HCL & LSS For Lewisport Telephone Company
 (NECA SAC 260412)
 Estimated Support Information

Year USF Is Received	Total Estimated Amount For Support Funds	Note	Estimated Federal High Cost Loop (HCL)	Estimated Federal Local Switching Support (LSS)
2007	\$138,134	*1, 2	\$36,698	\$101,436

1 HCL same as most recent 200 NECA statements in which no change in HCL is shown for average schedule companies.

2 LSS from NECA Latest View file, 07-200

Summary of Investments & Expenses for Lewisport Telephone Company

Acc # Investment	<u>12/31/2004</u>	<u>12/31/2005</u>
22** Central Office Switching	1,175,166	1,199,548
223* Central Office Transmission (Total)	560,059	698,926
Central Office Loop Circuit (Incl. In Line 2)	240,016	274,410
24** Cable and Wire	2,022,550	2,034,155
21** General Support	624,398	608,930
Total Tel. Plant in Service	4,382,173	4,541,559
 Expenses		
61** General Support	26,496	20,162
6212 Central Office Switching	13,464	22,152
623* Central Office Transmission (Total)	10,539	7,472
Cable and Wire	55,759	49,665
Plant Non Specific	111,470	117,793
65** Depreciation	247,440	253,025
Customer Oper	232,451	222,109
67** Corporate Oper	141,487	160,679
Other Oper Inc & Exp	(1,404)	(1,404)
72** Operating Taxes	249,535	234,589
Total Operating Expenses	1,087,237	1,086,242
 Total Expenditures	 5,627,801	
 Total USF Received		 \$ 138,134

Summary of 2007 USF-HCL & LSS For Salem Telephone Company
 (NECA SAC 260417)
 Estimated Support Information

Year USF Is Received	Total Estimated Amount For Support Funds	Note	Estimated Federal High Cost Loop (HCL)	Estimated Federal Local Switching Support (LSS)
2007	\$117,114	*1, 2	\$1,854	\$115,260
<p>*1 HCL same as most recent 200* NECA statements in which no change in HCL is shown for average schedule companies. *2 LSS from NECA Latest View file. 07-200*</p>				

Summary of Investments & Expenses for Salem Telephone Company

Acc # Investment	<u>12/31/2004</u>	<u>12/31/2005</u>
22** Central Office Switching	1,019,875	1,021,873
223* Central Office Transmission (Total)	717,207	563,712
Central Office Loop Circuit (Incl. In Line 2)	394,126	392,524
24** Cable and Wire	3,008,593	3,095,736
21** General Support	664,182	626,714
Total Tel. Plant in Service	5,409,857	5,308,035
Expenses		
61** General Support	9,799	12,824
6212 Central Office Switching	15,400	23,577
623* Central Office Transmission (Total)	11,559	8,337
64** Cable and Wire	108,042	86,487
Plant Non Specific	112,653	128,363
65** Depreciation	284,182	325,966
Customer Oper	258,645	233,922
67** Corporate Oper	334,201	318,600
Other Oper Inc & Exp	(1,140)	(1,140)
72** Operating Taxes	224,056	239,285
Total Operating Expenses	1,357,397	1,376,221
Total Expenditures		6,684,256
Total USF Received		\$ 117,114

AFFIDAVIT

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

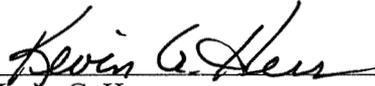
BEFORE ME, the undersigned authority, on this day personally appeared Kevin G. Hess, who on his oath deposed and said:

1. My name is Kevin G. Hess. I am employed by TDS Telecommunications Corporation, parent company of Leslie County Telephone Company, Lewisport Telephone Company and Salem Telephone Company all d/b/a TDS Telecom (the Companies) in the position of Senior Vice President, Government & Regulatory Affairs. In this position, I am personally familiar with the Federal Universal Service support received by the Company and how these funds are used by each Company.
2. The Companies were designated as an eligible telecommunications carrier by the Kentucky Public Service Commission in Case No. 360 by order dated November 26, 1997.
3. Leslie County Telephone Company, Lewisport Telephone Company and Salem Telephone Company all d/b/a TDS Telecom estimate that it will receive \$602,637 and \$352,308 respectively of Federal Universal Service high cost support and local switching support during the January 1, 2007 to December 2007 time period.
4. The Federal Universal Service Support funds Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company all d/b/a TDS Telecom will receive during 2007 will be used for the provision, maintenance and upgrading of facilities and services for which the support is intended, as designated by the Federal Communications Commission consistent with Section 254(e) of the Federal Telecommunications Act. These

funds will be used to provide the following supported services, as outlined in 47 CFR § 54.10(a), which are available to any customer in the Company's service area: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1 service, access to operator service, access to interexchange service and access to directory assistance and toll limitation for qualifying low income customers.

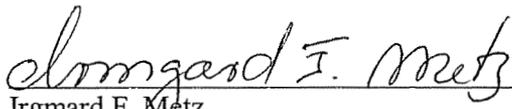
5. Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company all d/b/a TDS Telecom follows Federal Communication Commission Part 32 accounting requirements for regulated local exchange carriers and Part 36 separations provisions used to determine high cost support amounts. As a regulated utility, Leslie County Telephone Company's, Salem Telephone Company and Lewisport Telephone Company's all d/b/a TDS Telecom accounting and separations procedures are subject to periodic National Exchange Carrier Association and Kentucky Public Service Commission reviews.
6. While continuing to receive the estimated amount of Federal Universal Service support as described and using this support for the purposes as described, Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company all d/b/a TDS Telecom does not anticipate increasing local rates nor withdrawing any services; therefore, the comparability of rates and service between the rural areas served by Leslie County Telephone Company, Salem Telephone Company, Lewisport Telephone Company all d/b/a TDS Telecom and the urban areas of Kentucky will not be changed because of any action on the part of Leslie County Telephone Company, Salem Telephone Company and Lewisport Telephone Company all d/b/a TDS Telecom.

7. The matters addressed above are within my personal knowledge and are true and correct.



Kevin G. Hess
Senior Vice President
Government & Regulatory Affairs

Sworn and subscribed before me, the undersigned authority, on this the 15th day of
August, 2006.



Irgmard F. Metz
Notary Public, State of Wisconsin
My Commission expires: June 10, 2007.